

Message Text

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ACTION AF-10

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SUBJ: US/UK TALKS ON CONDITIONS IN GHANA

REF: A) ACCRA A-1 OF JAN 6, 1978

B) ACCRA A-4 OF JAN 12, 1978

SUMMARY: US/UK OFFICIALS MET JANUARY 19 TO DISCUSS
POLITICAL AND ECONOMIC CONDITIONS IN GHANA. BRITISH
AGREED WITH FORECASTS CONTAINED REPAIRS - THAT GHANA'S
ECONOMIC PROSPECTS OVER THE NEXT SEVERAL YEARS ARE BLEAK
AND THAT HEAD OF STATE IS LIKELY TO STAY ON IN POWER.
WE ALSO AGREED GHANA WOULD FACE FOOD SHORTAGES BY
MARCH/APRIL AND MIGHT ASK FOR EMERGENCY FOOD AID. END
SUMMARY.

1. AMBASSADOR SMITH, ACCOMPANIED BY DCM, ECON AND
POLOFFS MET WITH UK CHARGE BRASNETT AND HIS STAFF ON
JANUARY 19 TO CONTINUE OUR PERIODIC REVIEWS OF CONDITIONS
IN GHANA. FOLLOWING SIGNIFICANT POINTS WERE COVERED:
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2. POLITICAL/ECONOMIC FORECASTS: BRITISH SEE "EYE-TO
EYE" WITH US ON VIEWS EXPRESSED REPAIRS, NAMELY, THAT
HEAD OF STATE GENERAL I.K. ACHEAMPONG IS LIKELY TO STAY
ON AS PRESIDENT UNDER A "CONSTITUTIONAL" UNION GOVERN-
MENT: GHANA'S ECONOMIC DEVELOPMENT POTENTIAL WILL NOT
BE REALIZED DUE TO MISMANAGEMENT AND CORRUPTION: AND

THAT OUR INVOLVEMENT IN GHANA SHOULD NOT BE INCREASED UNTIL GOG IS WILLING TO ACCEPT ECONOMIC STABILIZATION MEASURES, WHICH IT SHOWS NO SIGNS OF DOING NOW.

3. FOOD SHORTAGES: BRITISH SAID THAT BECAUSE RAINS HAVE BEEN ERRATIC AND FARMERS WILL HOLD BACK MORE OF THEIR CROP FOR SEED, FOOD SHORTFALLS IN NORTHERN AND UPPER REGIONS ARE LIKELY TO BE SOMEWHAT GREATER THAN LAST YEAR. THEY NOTED THAT WHILE EC IS BRINGING 10,000 METRIC TONS OF SOFT WHEAT TO GHANA, THE SHORTFALL IN THE BAWKU AREA ALONE IN UPPER REGION WILL BE ABOUT 7,000 METRIC TONS. AMBASSADOR SMITH NOTED THAT ALTHOUGH COMMISSIONER FOR FINANCE APPIAH TOLD HIM GHANA WOULD NOT REPEAT NOT REQUIRE EMERGENCY FOOD AID THIS YEAR (SINCE FOOD FROM DUTCH AND COMMERCIAL PURCHASES WOULD MAKE UP SHORTFALLS), COMMISSIONER FOR ECONOMIC PLANNING GARDINER TOLD HIM THAT IT IS REPEAT IS VERY LIKELY GOG WILL ASK FOR FOOD THIS SPRING. ON BALANCE, US AND UK SIDES FELT THAT THERE IS A GOOD CHANCE FOOD AID WILL BE SOUGHT.

4. ECONOMIC SCENE. BOTH SIDES AGREED THAT RATE OF INFLATION HAS SLOWED IN LAST FEW MONTHS, DUE MAINLY TO LOWER FOOD PRICES NOW THAT HARVESTS ARE IN. HOWEVER, WITH FOOD SHORTAGES IN MARCH/APRIL, FOOD PRICES WILL
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CLIMB FASTER AGAIN AT THAT TIME. NEITHER SIDE COULD OFFER A PERSUASIVE EXPLANATION OF FOREIGN EXCHANGE PARADOX - IN THEORY, GOG SHOULD HAVE ABOUT DOLS ONE BILLION AVAILABLE IN FOREIGN EXCHANGE FROM SALES OF COCOA AND OTHER EXPORTS, BUT AS A PRACTICAL MATTER, IT IS EXTREMELY HARD FOR GOG MINISTRIES AND PRIVATE BUSINESSMEN TO GET FOREIGN EXCHANGE RELEASED FROM BANK OF GHANA. BRITISH SAID THAT GOG EVEN HAD TO BORROW TWO MILLION POUNDS RECENTLY FROM A UK BANK IN ORDER TO BUY BANKNOTE PAPER TO PRINT MORE CEDIS...BOTH SIDES AGREED GHANA'S ECONOMIC TROUBLES ARE COMPOUNDED BY AND IN MANY CASES ENTIRELY CAUSED BY A LACK OF PLANNING AND A CONTINUING RELIANCE ON LAST-MINUTE AD HOC SOLUTIONS AND STOP-GAP MEASURES, WHICH OFTEN FAVOR THOSE WITH POLITICAL INFLUENCE.

5. STUDENT DEMONSTRATIONS: WE BOTH HAD SIMILAR VIEWS OF WHAT HAPPENED ON CAMPUSES JANUARY 13 AND ON CURRENT SITUATION (SEPTEL). WE NOTED THAT REPORTEDLY THERE IS INFIGHTING NOT ONLY ON FRINGES OF SUPREME MILITARY COUNCIL (MODERATES ARE TRYING TO CUT DOWN INFLUENCE OF GHANA PEACE AND SOLIDARITY

COUNCIL), BUT ALSO IN STUDENT RANKS (NATIONAL UNION OF GHANA STUDENTS IS TRYING TO GET PEACE AND SOLIDARITY COUNCIL READ OUT OF WORLD PEACE COUNCIL ON GROUNDS IT HAS ABANDONED SOCIALISM BY SUPPORTING UNION GOVERNMENT). WE AGREED THAT ALTHOUGH THE PEACE AND SOLIDARITY COUNCIL OFFICERS ARE SPLIT INTO MODERATES AND RADICALS, RANK AND FILE MEMBERS ARE FOR THE MOMENT THIS REGIME'S HATCHET MEN. FINALLY, WE AGREED THAT WHILE STUDENT PROTESTS MAY POSSIBLY CONTINUE, GOG WILL BE ABLE TO WEATHER THEM.
SMITH

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